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ABSTRACT

This first annual report of the National Commission for Manpower Policy addresses three subject areas. Addressed first are the dimensions of a national manpower policy. This discussion includes the examination of the principle areas in the work plan of the commission and an assessment of the manpower policy in the United States in the Fall of 1975. Second, manpower policy and macro-economic policy are reviewed including the areas of policy interface, public job creation, and income transfer alternatives. Third, a current manpower program assessment is given for the Comprehensive Employment and Training Act (CETA) system, unemployment insurance, and the coordination of manpower and related programs. The appendix summarizes the commission's recommendations to date. (JH)

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First Annual Report
to the President and the Congress of the

National Commission for Manpower Policy

Toward a National Manpower Policy

ED154184

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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Report No. 3 October 1975

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NATIONAL
COMMISSION
FOR
MANPOWER
POLICY

October 31, 1975

To the President and the Congress of the United States:

Pursuant to Section 505 of Title V of Public Law 93-203, Comprehensive Employment and Training Act (CETA), December 8, 1973 and my letter of November 20, 1974, to the Speaker of the House of Representatives and the President Pro Tempore of the Senate, I have the honor to transmit the first annual report of the National Commission for Manpower Policy.

The public members of the Commission were appointed by the President on September 30, 1974 and the Commission held its organizational meeting in November 1974. Since then, the Commission has held three meetings; the last, in mid-September 1975, extended over three days and the subjects addressed in this report were the principal items on its agenda.

The thrust of this first annual report is to set forth the Commission's emerging response to the Congressional declaration of purpose (Sec. 501 (a)) ". . . that the lack of a coherent, flexible, national manpower policy reduces our prospects of solving economic and social problems which threaten fundamental interests and objectives." This report presents the Commission's preliminary delineation of the framework of a national manpower policy; it seeks to clarify the interface between macroeconomic policy and manpower policy; it sets forth its understanding of how a manpower policy should relate to national social and economic goals; and proposes some legislative and administrative recommendations on a series of manpower and manpower-related policies and programs.

This first annual report, together with the earlier interim reports of February and June 1975 and the special reports on public service employment, recent European manpower policy initiatives, manpower program coordination, and the role of the business sector in manpower policy, provide an overview of the major activities of the Commission in its first year. The Appendix to this report summarizes the Commission's recommendations to date.

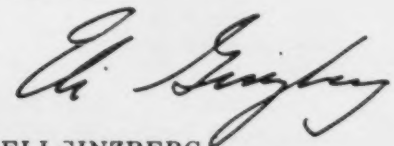
The Commission began its work as the country was entering its most severe recession since the 1930s. The extensive rise in the number of unemployed persons brought into sharp relief the need for improved manpower policies and programs. Although the Commission focused its initial attention on the immediate problems arising out of the recession, it also began to address the need to develop a framework for a more effective national manpower policy.

The Commission believes that unemployment is likely to remain at an undesirably high level for a considerable period, even if the Administration and the Congress were to design and execute a recovery program which would employ a wide range of economic and manpower policies and programs. In the Commission's view the forces and events which have created our present level of high unemployment are such that, even with the vigorous application of a wide range of manpower and economic policies and programs, unemployment will remain higher than the post war experience over the next several years.

This is not to say that little can be done to ameliorate the problems that confront us. Indeed, the Commission believes that significant efforts can be undertaken and major gains achieved. The Commission looks forward to formulating in the near future specific recommendations with respect to policies and programs aimed at rationalizing the Nation's manpower efforts and contributing to the solution of its critical employment and manpower problems.

The Commission is concerned that in the face of high levels of unemployment there is a widespread belief that the Nation must live with this undesirable situation for several years to come. If this attitude were to spread and become the accepted viewpoint, there would be little prospect of strengthening the manpower system or of reducing unemployment.

The Commission believes that more effective remedies can be developed and pledges its expressed intent to assist the Congress and the Administration to meet the Nation's critical manpower challenges.



ELI GINZBERG
Chairman

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I. THE DIMENSIONS OF A NATIONAL MANPOWER POLICY

A major objective of the Commission is to contribute to the formulation of a national manpower policy which will identify priority national manpower objectives and indicate how they may be achieved. This is indeed a formidable task; it encompasses the delineation, assessment, and resolution of a wide range of complex economic, social and administrative issues. The Commission's work is well under way, however, and it expects to formulate major recommendations on several critical aspects of a national manpower policy during the months ahead.

In determining the nature and scope of manpower policy, the Commission has looked to the following:

(a) The responsibilities and functions of the Commission as outlined in its legislative base, the Comprehensive Employment and Training Act (CETA);

(b) The statutory stipulation of the sectors and groups represented on the Commission;

(c) The present scope and thrust of federal manpower programs;

(d) An assessment of the numbers and groups of persons who require manpower services in relation to the availability of jobs;

(e) The manner in which the manpower sector intersects with other human resources systems, such as education and welfare;

(f) The experience of other countries as reflected in their macroeconomic and manpower policies.

The following dimensions are included in the sources cited above. Congress mandated the constituent elements of a national manpower policy in Title V of the Comprehensive Employment and Training Act. In establishing the Commission, the legislation stipulated that the Secretaries of the following Departments be members: Defense, Agriculture, Commerce, Labor, Health, Education and Welfare, as well as the Administrator of the Veterans Administration. It further stipulated that the public members be broadly representative of labor, industry, commerce, education (including vocational and tech-

nical education), state and local officials involved with manpower programs, persons served by manpower programs, and the general public.

The composition of the Commission underscores the conviction of the Congress that a national manpower policy involves more than the federal manpower policies or programs. It must encompass on the one hand all levels of government – federal, state and local – and it must provide for the participation of key interest groups in the private sector. The Commission considers one of its critical tasks to be the designing of opportunities that will enable the principal sectors, governmental and non-governmental, to contribute, individually and cooperatively, to a more effective national manpower policy.

In Title V of CETA, Congress indicated its understanding of some of the critical dimensions of manpower policy by stipulating that the Commission shall "identify the manpower goals and needs of the nation and assess the extent to which employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity and other programs under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs and achieving such goals." (Sec. 503 (1)). The identification of these program areas suggests that Congress sees the core of manpower policy to be centered in training and employment within a broader framework of a national employment policy, which involves assisting present and prospective members of the work force who have one or another employability handicap to get and hold jobs.

Another way to establish the parameters of a national manpower policy is to identify the principal approaches embedded in extant federal programs. Manpower efforts are structured around four basic thrusts – income support, job creation, manpower training and job search. In Fiscal 1976, approximately $19 billion will be spent on unemployment compensation benefits for about 12 million individuals. Under CETA, about $2.7 billion will be expended to support a little over 300,000 public service employment jobs and about $2 billion will be directed to skill training, work experience and related manpower services for about 1.8 million individuals. The budget for the Employment Service system is about one half billion dollars. The majority of the persons who lost their jobs during the past year received unemployment compensation benefits; many fewer were able to enter work experience or training programs or obtain public service jobs.

Another approach to the scope of manpower policy is to consider the numbers and groups – in and out of the labor force – who might benefit from some type of manpower assistance. In September 1975, there were 7.8 million unemployed persons, of whom 1.6 million or about 20 percent had been unemployed for six months or longer. Another 1.3 million were working part-time, not out of preference but because they were unable to find full-time employment. However, a single month's figures do not tell the whole story. It has been estimated that in calendar 1975, as many as 20 million individuals may experience one or more periods of unemployment. It has also been estimated that more than 1.7 million individuals are likely to exhaust their unemployment insurance benefits over the year. There must also be added the almost 1.2 million individuals who, having searched for jobs and finding none, were so discouraged that they withdrew from the labor force and are not included in the counted unemployed.

To the considerable number of young people out of school who are not actively looking for work must be added the sizeable numbers of women who would prefer to work out of the home if they could find suitable employment.

Two additional groups who want to work but who are not counted among the unemployed, are the many individuals among the physically, emotionally, or otherwise handicapped, and those who, though they are in good health, have been forced to retire because of age.

Another group whose needs are often overlooked are the working poor, those who are employed full-time, but who earn so little that they cannot lift their families out of poverty. The exacerbated employment difficulties of many blacks, the Spanish-speaking community and other minorities and disadvantaged persons also need to be fully considered in determining the role and scope of manpower policy.

Of special concern are the veterans, particularly those of the Vietnam era, who are encountering difficulties in finding jobs with career potential. The special needs of persons in rural areas, inner city neighborhoods, and other sections of the country experiencing structural changes in their economic base also should be considered.

The identification of these groups, each of which is encountering difficulties in the labor market, helps to point up important interfaces between manpower policy and other aspects of the nation's human resources programs: between manpower and education; manpower and the economy; manpower and welfare;

manpower and the family; manpower and the opportunity structure.

The Commission understands that it must explore the relationship between manpower policy and related and interdependent human resources systems without making excessive claims for the reach of manpower policy. On the other hand, the Commission wishes not to so restrict the boundaries of manpower policy that its reach would be limited to training and related manpower services and direct labor market activities such as are carried on by the Employment Service.

One useful way to define an area is to identify what is excluded, although there may be important spill-over effects from systems that lie beyond its boundaries. For example, while the educational system prepares young people for adult work, secondary schools, colleges and universities are not primarily, and surely not solely, concerned with manpower policy. The relationship between manpower policy and vocational education and some forms of post-secondary training and education should be closer.

Most people are on welfare because they are unable to work or to find a job. Some can find jobs, but often only in temporary employment or at wages which do not provide adequate family support. A small minority on the welfare rolls are obtaining work experience or are in a skill-training program. While the welfare system is tangent to the manpower system and a small minority of individuals may actually be in both systems at the same time, the principal function of a welfare system is to provide income for those who are unable to support themselves through work. For those who can work, a major policy issue in the interface of manpower policy and welfare efforts, is the development of an appropriate income support and work incentive structure.

There is an important place for training and employment in the rehabilitation of the physically and emotionally handicapped, the drug addicted, ex-offenders, and other groups who require assistance to move from the periphery into the center of society. But once again, it is useful to distinguish between rehabilitation and manpower policies since the principal objective of the former is to use training and work as a means to assist the individual to function as effectively as his handicap permits, even if he is not able to hold a full-time competitive job.

As the preceding paragraphs indicate, determining the nature and scope of manpower policies raises many questions involving basic institutions and values.

Commission Activities

The program of work of the Commission suggests its initial approach to the framework of a national manpower policy.

The Commission, while responding to the urgent manpower problem precipitated by the severe recession of '74-'75 with its steeply rising rate of unemployment which reached 9.2 percent in May 1975, has also focused attention from its inception on certain problem areas which will provide the "building blocks" for a national manpower policy. Following are the principal areas that have been included in the Commission's work plan:

- Job Creation: Public Service Employment and Public Works
- Unemployment Insurance System
- Energy and Its Manpower Implications
- Coordination of Manpower and Related Programs
- Transition from School to Work and Youth Employment
- Developing National Manpower Goals and Objectives
- Structural Unemployment: The Automobile Industry
- Meeting Skill Requirements: The Shipbuilding Industry
- Recent European Manpower Policy Initiatives
- Health Manpower and Manpower Policy
- The Role of the Business Sector in Manpower Policy
- The Role of the Trade Unions in Manpower Policy
- Community Groups and Manpower Services
- Illegal Immigration and the Labor Market
- Manpower Research and Labor Market Information.

In the months ahead, emphasis will be placed on the following aspects of the Commission's work plan:

- An in-depth assessment of extant federal manpower programs, not only with regard to their performance but also with attention to the myriad policy overlaps and gaps which exist
- A critical examination of the overall manpower services delivery system, its structure and design, including special attention to the Employment Service's role and function

- A delineation of the institutions and mechanisms involved in formulating manpower policy, federal and other, including gaps in the present structure
- An assessment of the nation's long range manpower requirements and resources with special attention to the disadvantaged and other sectors of the labor force with special employment problems
- Consideration of the income maintenance and employment interface, particularly work incentives and work tests
- The development of a better understanding of economic and employment differentials among regions and sectors and alternative response mechanisms.

The studies which the Commission will undertake and which are noted below are aimed at clarifying the manner in which manpower policy can contribute to the realization of important national goals through both programs within its own purview and more importantly the interaction of manpower and other critical systems.

As noted in its first and second interim reports to the Congress (February and June 1975), the Commission is exploring the institutional changes required in American society to assure that young people have a less difficult transition from school to work. Preliminary analysis reveals that too many young people leave or complete high school poorly prepared to become full-time workers; many employers are reluctant to employ young people under the age of 21; many groups, especially blacks, Spanish-speaking and other minority youth, suffer excessively high rates of unemployment and fail to become regularly attached to the labor force. They float, for many years, sometimes permanently, in and out of jobs that pay poorly, last for only brief spells, and lead nowhere.

In pursuing this investigation, the Commission has elicited the cooperation of a number of specialists who will illuminate various dimensions of a clearly complex area which involves the interaction of schools, employers, trade unions, government, community groups and other important sectors. The Commission has obtained the cooperation of three large corporations with nation-wide operations in different sectors of the economy. These corporations are reviewing their experiences with young employees and will make the results of their surveys available to the Commission. The Commission will make the specialists' reports available to the public in the first half of 1976. It will decide on additional steps in its review of youth employment

after it has considered these papers, its staff work, and the recommendations emerging therefrom. The scope of the Commission's inquiry is suggested by the following themes:

- Dimensions and causes of problems involved in the transition process and current opinions about alternative public policy approaches
- European experience with transition from school to work and their institutional arrangements to facilitate youths' entrance into and progression in the world of work
- Skills and competences of American youth at the time when they are ready to enter the labor market
- Informational and counseling needs of in-school and out-of-school youths, including the types of information and services that could help
- The efficacy of federal youth-oriented manpower and related programs, particularly the lessons learned from the 1960s experience
- Community and other initiatives to improve transition experiences, with emphasis on new patterns of cooperation among educators, employers and labor
- An analysis of the longitudinal data about youth labor market experiences over time, including the behavior and and needs of different groups of youth
- Education and employment opportunities and the special needs of rural youth
- The present and potential role of apprenticeship for improving career entry and progression for disadvantaged youth
- The structures and dynamics of youth labor markets, including the quality and conditions of youth employment.

The Commission's interest in the interface between education and manpower is not restricted to those aspects involving the transition of youth from school to work. The need to develop career education and work-related educational opportunities for the entire population is recognized as an important element in manpower policy formulation.

The Commission has also arranged for the preparation of papers by eight distinguished members of the academic community on the general theme of "Manpower Goals for American Democracy." These papers will be made available to the public during the first half of 1976 and then will serve as background documentation for a national conference on this subject to be

sponsored by the American Assembly in the latter part of May 1976.

The focus of these invited papers is on the federal government's role in the development of manpower and economic policies aimed at establishing and maintaining a high level of employment, and with consideration of the linkages to other levels of government and to the private sector. The general areas include:

- The potential of manpower policies and programs to assist in achieving a high level of employment without undue inflation
- Conflicts between a desirable level of employment and other priority economic goals, such as the containment of balance of payments deficits
- The use and limitations of macro-economic policy for the establishment and maintenance of high levels of employment as well as for expanding the employment and career opportunities of disadvantaged groups such as blacks, Spanish-speaking and other minorities
- The effects of changes in economic activity on the employment opportunities of minorities
- The factors which contribute to discrimination and the policy instruments which can be designed to reduce discrimination, including a consideration of their impact on other social goals
- The potential balance between work and other important individual and national goals.

The Commission held a conference in late October 1975 with a representative group of senior corporate executives with responsibilities in the area of manpower and industrial relations to explore the potentialities of a more active role for the business sector in planning and implementing manpower policies and programs, including job creation and other employment measures. Plans are under way for similar conferences with other groups, including a meeting with representatives of the trade union movement to explore how organized labor might play a more active role in the development of manpower policy and in manpower training and utilization.

As part of its continuing examination of relevant international experience, the Commission and the U. S. Department of Labor will hold a small working conference in November 1975 to be attended by senior officials of the national governments of

Australia, Canada, the United Kingdom and the United States to review the manpower policies and programs in these four countries. The aim of this conference will be to exchange information that should prove helpful to the participants as the respective countries continue to attempt to solve their employment and manpower problems. In addition, the Commission will continue its review of the manpower experiences of other developed nations.

Additionally, the Commission has initiated or will soon initiate studies of such critically important areas as the nature of structural unemployment with particular emphasis on the future of the automotive industry; the future of health manpower programs; the impact of illegal immigrants in specific labor markets and the range of practical remedies to control further illegal immigration; the demographic changes that loom ahead and their likely influence on the labor market, with particular emphasis on the number and preparation of new entrants, the attachment of women to jobs and careers, the characteristics and location of minority workers, and the work patterns of older persons.

The Commission has also arranged a working conference for February 1976 of representatives of employers, trade unions, community groups, government and academe to consider how manpower research can contribute more effectively to manpower policy and programs. It will soon decide what constructive steps it might undertake to assess the state of labor market information with a similar objective of strengthening the data base for manpower planning, operations, and evaluation.

The above activities, as they are concluded, should provide valuable guidance to the Commission in its development of a national manpower policy framework.

The activities outlined above indicate the importance the Commission attaches to the following dimensions of manpower policy: manpower training; job creation; income maintenance for the unemployed; a sharper delineation of manpower goals and requirements; improved delivery of manpower services; strengthening the interface of manpower with economic and other governmental policies; and manpower research and experimentation.

The Commission sees manpower policy as a set of commitments and programs aimed at facilitating the employability of all persons able and willing to work; the strengthening of the manpower infrastructure to enhance the matching of people and jobs; improving productivity and the quality of work life;

and providing various types of specialized support in the form of temporary jobs, income support, and other types of manpower assistance to individuals and groups when the economy is unable to provide adequate employment opportunities.

An Assessment

On the basis of the foregoing, the Commission finds that manpower policy in the United States in the Fall of 1975 is characterized by:

- A substantial work experience and skill training effort under the auspices of educational authorities, employers, unions, private schools, and government, with the last heavily involved in helping hard-to-employ individuals. Even at this early stage of its deliberations, the Commission notes that a wide gap exists between the number of citizens who could profit from occupational training and the training opportunities available; it further notes that despite a steady enlargement of the federal government's role during the past decade, it continues to account for only a small share of the total national training effort.
- The key factor in employability is the number and quality of jobs that a society is able to provide relative to the number of persons who need and want to work. In turn, the key to job creation is the potential of the economy for continued growth, and this depends on the establishment and maintenance of an environment that is favorable to both private and public investment. When a serious shortfall in jobs exists, there are severe constraints on the potentiality of manpower policy to contribute to the more effective development and utilization of the nation's human resources. The precondition for an effective national manpower policy is a sustained high level of employment. This was underscored by the European experience of 1974-75 when many countries underwent a severe recession which revealed the inherent limitations of manpower instruments that had previously been highly effective.
- The manpower infrastructure covers widely diversified arrangements, from the assistance that families and friends provide young people seeking jobs to governmental agencies such as the Employment Service and the Equal Employment Opportunity Commission. Our Commission believes that the strengthening of the manpower infrastructure must be undertaken in tandem with efforts aimed at improving the balance between job seekers and jobs

since, in the face of a gross and continuing imbalance on the job front, the strongest infrastructure would prove ineffective in meeting its primary challenge of helping individuals find suitable employment. The Commission notes that an essential precondition for strengthening the manpower infrastructure is a marked improvement in local labor market information for the guidance of concerned parties, including all levels of government, employers, trade unions, educational and training establishments, as well as the individual seeking a job and the student formulating a career plan.

In the face of the steep rise in the unemployment rate during the past year, the federal government initiated a series of fiscal and monetary actions and also responded with an array of emergency manpower measures to provide support for those who had lost their jobs. Its primary effort was directed to increasing the numbers of persons eligible for unemployment insurance or assistance payments and extending the period of coverage; more modest efforts were directed to expanding public service jobs and creating additional jobs under a limited public works effort. The difficulties encountered in designing, enacting and implementing counter-cyclical manpower efforts point to the desirability of standby authority and advance planning to speed the response of manpower programs in periods of economic downturns.

- Despite the range of manpower policies and activities in place, there is considerable fragmentation of effort; gaps and overlaps can be documented and considerable uncertainty exists about the structure and priorities of the nation's manpower policies. Some groups have expressed concern about the efficacy of the decentralization and decategorization of manpower training and services programs, including public service employment.
- The heavy reliance on income maintenance, particularly unemployment insurance, as the most readily available and expandable mechanism to address the rapidly worsening unemployment situation, is now creating concern in light of the anticipated need for extended support during the next years. Although alternatives to income transfers are under discussion, and growing agreement in principle exists about the desirability of converting the use of part of the extended unemployment insurance funds into more productive purposes for the economy, society and the individual, many complicated issues must first be resolved.

The Commission has discovered no magic formulas or cures for the present excessive unemployment, and it is experiencing many of the frustrations that have beset Congress and the Executive Branch as they attempt to find answers to the nation's employment and manpower problems. But progress is possible and the Commission has suggested some constructive steps. Other recommendations will follow. Answers to our nation's unemployment and manpower problems—if answers can be provided—will require significant changes in many of our present concepts and policies, a considerable redirection of many of our programs, and some restructuring of our economic and manpower institutions.

Effective solutions cannot be achieved in one stroke; they require successive actions whose impacts must be carefully monitored to assess their effectiveness. At the same time, new actions must be guided by a broad consensus about the goals to be achieved and the principal policies and mechanisms with which to pursue them. The Commission recognizes and accepts its responsibility to contribute to an informed debate directed to the development of improved manpower policies and programs. Its major concern is with the growing acceptance in many circles that continued high levels of unemployment for the time being must be accepted since broader intervention aimed at reducing the unemployment rate might lead to greater inflation and a weakened economy with higher unemployment in the longer run.

In assessing the state of our Nation's manpower policy in the fall of 1975, it is this growing acceptance of chronically high unemployment which the Commission judges to be its most critical and the most disquieting finding. If the nation—and its leadership—continues to accept as inevitable a high level of unemployment and consequently lessens its search for early and effective remedies, the unemployed and the Nation will have become the victims of a self-fulfilling prophecy.

II. MANPOWER POLICY AND MACRO-ECONOMIC POLICY

The Policy Interface

An important aspect of the development of manpower policy is its interrelationship with macro-economic policy. This relationship assumes even greater importance during periods of severe economic decline and high unemployment. Although economic recovery is under way, excessively high levels of unemployment are expected to remain for some time to come.

The Congressional Budget Office (CBO), in its September report, *Recovery: How Fast and How Far*, concluded that by the end of 1976 the unemployment rate will be in the range of 6.9 to 7.6 percent which will represent some seven million unemployed persons. Moreover, the projections for 1977 point to little or no improvement in employment. The CBO also prepared a set of projections based on a new expansionary policy. Even with additional tax impetus and substantial monetary growth, CBO's analysis suggests that such an expansionary strategy would reduce the projected unemployment rate by only about 0.7 of a percentage point below what it would otherwise be by late 1976—i.e., to a range of 6.2-6.9 percent—and by 1.1 percentage points or about one million workers a year later—i.e., in a 5.8-6.5 percent range by the end of 1977.

The CBO report indicates that the problems of high unemployment and the high inflation will continue to be with us for some years ahead. The current unemployment rate is so high and increases in the working age population so large that not even a combination of expansionary fiscal, monetary, and energy policies is likely to bring the unemployment rate close to its 1946-74 average of 4.7 percent during the next two years. Indeed, the Administration's own mid-year forecast indicates that unemployment will remain well above 7% through 1976.

The Commission's views on the relationship between manpower policy and macro-economic policy follow:

- The primary mechanism for influencing the level of total employment in a technologically advanced nation is macro-economic policy, that is, the mix of fiscal, monetary, and budgetary policies that help to determine the aggregate demand for goods and services and, consequently, the aggregate demand for workers.

- Although macro-economic policies have the primary role in determining the level of aggregate employment, manpower policy can supplement the effective use of fiscal, monetary and budgetary policy in maximizing employment, particularly by addressing structural or geographic problems.
- Manpower policies can contribute to improving the efficiency of job search, including the provision of interim income support; increasing the skills of the work force, especially untrained individuals· addressing skill shortages and helping to ameliorate employment problems arising out of other governmental policies, e.g., unemployment resulting from trade adjustment dislocations. Properly designed and implemented manpower policies can assist in enhancing productivity and should be able to contribute to efforts directed to raising the quality of work life.
- Manpower programs can also be used in association with fiscal and monetary policy to relieve area and structural problems characterized by high unemployment. Using fiscal and monetary policies alone to expand severely depressed areas or industries can cause further inflation. Greater reliance on manpower programs to address the problems of concentrated pockets of unemployment is a more promising approach.
- Conversely, in times of excessive inflationary pressures, when a cooling of the economy may be considered desirable —although recent experience raises serious questions about the unemployment-inflation trade off—selective demand management, that is, public job creation, income support, and other manpower programs can provide some cushion in mitigating some of the adverse effects of a deflationary policy.

The Commission recognizes that, in a democratic society, consumers have wide scope in deciding whether or not to spend their discretionary income; business decisions affecting investments are influenced by the state of public confidence about the economy's future; the citizenry's attitudes toward governmental spending and deficits provide the framework within which legislative and administrative decisions are constrained; and forces external to the domestic economy must be taken into account in determining national economic policy. The Executive Branch, the Congress, and the Federal Reserve Board are not free to pursue a radically expansionary fiscal or monetary policy every time there is a decline in effective demand for goods and a corresponding shortfall in jobs. Their freedom is often con-

strained by large and longer term economic considerations and realities.

In considering the respective and related roles of manpower and macro-economic policies, the Commission has reached the following preliminary conclusions:

- The nation's economy, as well as those of our trading partners, may be entering an era different from that characteristic of the years since World War II. Resources, particularly energy, are no longer as plentiful or as cheap. Food costs will probably consume a greater proportion of the consumers' budgets, as will heating and transportation costs. The cumulative effect of inflation on disposable real income is likely to have a considerable impact on the structure of our economy and its employment patterns.

- As indicated by the Congressional Budget Office estimates and other projections, the nation is likely to face a longer period when the overall unemployment rate will be 2 to 3 percentage points higher than was the average during the post-war experience even if expansionist macro-economic policies are pursued.

- In light of widespread uncertainties, corporate and consumer confidence is likely to be a major element which must be addressed in designing policies and programs to expand the economy. Of particular concern is the lack of a comprehensive set of energy policies to mitigate the worst of the emerging effects of the energy cost increases. In addition, a prolonged national controversy over tax policies would do little to bolster public confidence in the economy.

- The search for manpower and economic policies to meet the challenge of both present and projected unemployment levels must be sensitive to the changes which have occurred in recent years and those that loom ahead within the labor force and in labor markets which require adjustments in traditional policies and programs. These changes include the growing labor force participation of women and the increasing proportion of one-parent families. One concern of the Commission is to ensure that the understandable national preoccupation with the overall unemployment rate and possible ways of reducing it does not deflect attention from the special difficulties that the disadvantaged have always experienced in getting and holding jobs. Their special needs for assistance must not be pushed aside or downgraded.

- The fact that it is difficult for the federal government to design an effective program for the speedy reduction of the excessively high levels of unemployment does not mean that it can ignore the task. The alternative implies that millions of Americans will be forced to remain in the ranks of the unemployed for a long time to come. Accordingly, the Commission deems it a matter of utmost urgency that continuing efforts be made to reduce the presently high levels of unemployment. The Commission pledges to contribute to developing manpower policies and programs that hold promise of attaining this end.

- The Commission recognizes the legitimate concern of both government decision makers and the American people over the threat of inflation and the importance of guarding against such an eventuality. However, the Commission believes that the threat of renewed inflationary pressures does not justify the continuation of policies that carry excessive human and economic costs, which this year will exceed $200 billion in lost output alone. The Nation should strive to develop venturesome and innovative policies which hold promise of containing the threat of renewed inflation while rescuing millions of Americans from continuing unemployment. The Commission notes that the present inflationary pressures did not arise from a shortage of workers and their amelioration should not be sought and cannot be achieved by continuing high levels of unemployment.

Public Job Creation

The Commission believes that there is little prospect that manpower policy alone can be adequately responsive to the employment needs of a significant proportion of the unemployed in the face of the present shortfall in jobs. Manpower policy can provide constructive assistance to these groups only if national economic policy succeeds in expanding substantially the aggregate demand for labor. To put the matter in perspective: Public Service Employment, currently funded at almost $3 billion per annum, supports over 300,000 jobs. When this effort, which provides a job for one out of almost 25 unemployed persons, is considered against the 7.8 million counted unemployed in September, it is clear that the potential costs of expanding this approach preclude using it to reduce substantially the overall unemployment level.

In accordance with the commitment which it made in its June 1975 report to reconsider its recommendation for PSE at its September meeting, the Commission affirms its earlier recommendation that the program be limited to 400,000 jobs.[1] It does this since the unemployment situation shows some signs of recent and continuing improvement, albeit modest. The reasons that persuaded the Commission not to recommend a much enlarged program at its spring meeting (see page 3 of June report) were equally, if not more, trenchant in September. The Commission believes that in the interim, the worsening financial position of many prime sponsors would make emergency revenue sharing a more desirable vehicle for providing federal support than increasing the flow of funds through CETA Title VI, which holds the likelihood of exacerbating conflicts among local groups of potential claimants.

Part of the Commission's disquiet about recommending more funds for PSE reflects its continuing concern over the present structure of these programs. The Commission reiterates its recommendation of June[2] that PSE be restructured into three different programs to serve distinct manpower goals:

- To provide manpower developmental experiences for the hard-to-employ, aimed at facilitating their transition into regular employment
- To provide employment opportunities for members of the work force who lose their jobs during economic downturns
- To provide employment opportunities for groups and communities which experience significant loss of employment opportunities through major structural dislocations.

In the redesign of PSE within the CETA framework, the Commission believes that there should be an increasing involvement of private, nonprofit, and other community-based organizations in designing and operating PSE programs.

The Commission, in its deliberations of means to better address the needs of the long term unemployed and the desir-

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[1] The individual views of the Commission members continue to vary considerably on this issue. Several members, including the federal representatives, recommended maintaining the 1975 level of effort and one member supported a level of up to one million jobs, and further advocated early passage of an accelerated public works program.

[2] See *Proceedings of a Conference on Public Service Employment*, National Commission for Manpower Policy, Special Report No. 1, May 1975.

ability of converting extended income transfer payments into more beneficial employment for the individual and productive employment for the society, will continue to examine the potential role of different forms of PSE.

(1) *The Commission continues to be concerned about the transitional process whereby persons in PSE move into regular jobs and it recommends that the Department of Labor review the steps which might be taken to strengthen this important aspect of PSE. To the extent feasible, PSE jobs should be tied to relevant training programs, including those sponsored by community-based organizations, so that as the economy recovers, these individuals will have the skills with which to compete more effectively in the expanding job market.*

The Commission has so far undertaken only a preliminary assessment of public works as an employment creating device and has yet not reached a definitive conclusion. The Commission's initial observations and concerns follow:

- The cost of a public works approach to job creation, even allowing for a multiplier effect, is expensive. On the other hand, public works can have a longer run return in terms of socially useful facilities.
- There are probably better ways (i.e., monetary and mortgage policies) to stimulate the severely depressed construction industry and to reduce unemployment among its workers. The Commission recognizes, however, that considerable additional employment is generated in such areas as construction supplies, fabricated materials and transportation.
- Generally, in the absence of forward planning, the economic and social utility of many projects will be lessened, although at present there appears to be a considerable backlog of high utility projects which have been deferred because of economic or environmental circumstances.
- The intervening time lag between the authorization/appropriation cycle and the full employment effect may be considerable. The recent experience under the Title X of the Public Works and Economic Development Act has not been encouraging in this regard. The development of improved standby public works authority and administrative procedures would help address this problem.

The foregoing helps to emphasize the dilemma of those who look to manpower policy to breach the gap in the labor market because they believe that resorting to more stimulative policies

can lead to adverse consequences. The Commission endorses the position that government act as the "employer of last resort," but such a program should in the first instance be directed to assisting marginal groups who cannot find regular employment because of personal handicaps, location, or other special circumstances. Such a program cannot alone act as an equilibrating device when the national unemployment rate is at 8 or 9 percent. General economic policy must be used to increase job-creation and reduce the unemployment rate to a tolerable level before manpower programs can effectively step in to provide jobs for those whom the economy finds difficulty in absorbing.

In reaching this cautionary stance about a traditional large-scale public works program at the present time, the Commission leaves open the potential use of planned public works as an integral part of a counter-cylical policy. Moreover, the Commission acknowledges the advantages of either a large program directed at accomplishing a major national goal, such as energy conservation or development, or "soft" public works to provide work experience and skill training for inner-city residents who might be employed on projects aimed at reducing neighborhood blight. The Commission favors solving the equation of unemployed persons, government transfer payments, and useful social and economic output by combining the three on the assumption that both the individuals who are productively employed and the society that benefits from new output will be better off than if the unemployed are kept on a dole. In this light, public service employment and certain types of public works must be viewed as favorable options to continuing income maintenance, particularly for the long term unemployed.

As many European countries sought to bring inflation under control, they faced steeply rising unemployment rates, to which they responded in part by public subsidies to cover the income losses of workers on part-time and to maintain the job attachment of workers who are facing temporary layoffs. As the recession deepened, the extraordinary budget costs of transfer payments to the unemployed led to increased interest on their part in training the unemployed to fill potential skill bottlenecks which might follow from future public and private investments when economic recovery got underway. The Commission is exploring the potential transferability of these approaches to the United States.

The Commission calls attention in this context to the wide array of governmental programs, especially at the federal level, from highway construction to shipbuilding, that have important

employment consequences. In the years immediately ahead, both the Congress and the Executive Branch should seek to deepen their understanding of these expenditure-employment relationships with an aim of obtaining better control over expenditure cycles so that they might better serve national employment objectives.

Income Transfer Alternatives

The Commission fully understands the national desire to exercise budgetary restraint and place a ceiling on deficits. It notes, however, that the present federal budget deficits are due in part to the recent recession with its high level of unemployment which has resulted in large increases in transfer payments and lower tax revenues. The cost of providing more employment opportunities through expansionary macro-economic policies would be lessened over the long run by the extent to which federal transfer payments are reduced and federal tax receipts are increased.

In considering the cost of putting individuals back to work, it should be noted that there are also substantial costs to doing nothing. It has been estimated that for every percentage point increase in the unemployment rate above 4 percent, the federal deficit increases by almost $16 billion – $14 billion because of reduced tax receipts and $2 billion because of increased transfer payments. The process also works in reverse.

Accordingly, the Commission is exploring how a proportion of the estimated $40 billion of emergency transfer payments in Fiscal 1976 can be converted to creating employment opportunities for the unemployed in the not-for-profit sector. The Commission has initiated studies of the experience of Western European countries to determine whether, and under what conditions, public monies might also be constructively used to maintain and expand employment opportunities for the unemployed and potentially unemployed in the private sector.

The Commission supports early action to convert transfer payments into wages for workers who have been unemployed for long periods of time, over six months. A related matter of concern are the growing numbers of individuals who will soon exhaust their unemployment insurance benefits. Since the nation faces the prospect of substantial outlays for income maintenance in one form or another for several years ahead, alternative plans to convert income transfers for the longer term unemployed into more productive endeavors, including expanded training and new forms of job creation, need to be explored.

The Commission believes that more dangerous than renewed inflation would be an unwillingness to experiment with ways of reducing unemployment. The collective efforts of the Congress and the Administration are needed to develop a broad gauged national effort which holds promise of making substantial headway in reducing unemployment without generating a new inflationary spiral.

In this regard, the Commission was heartened by the President's speech on Labor Day when he said, "Labor Day is no holiday for those who are out of work. The level of unemployment in the United States is too high by any standard. I have heard some references to the so-called acceptable rates of unemployment. I do not recognize the acceptability of any level of unemployment as long as there are people who want to work and can't find jobs. We, in Washington, are determined to help create enough new jobs on a sound economic basis to make every day a real Labor Day, and we are going to do it." The Commission is also encouraged by the Congress' efforts, particularly those under the auspices of the Joint Economic Committee and through the mechanism of the new budget process, to identify and assess alternative policies and programs which might contribute to the common goal of reduced unemployment.

In recapitulation, the Commission supports the early implementation of a variety of programs that will provide some form of work-based income rather than continuing to rely on nonproductive income transfers for large numbers of unemployed. The wage rates for these jobs will have to reflect the following considerations:

- Use of the appropriations to maximize the numbers to be assisted
- The provision of some incentive for the individual who works; he or she must be able to earn more by working than by not working
- Not undermining the wage structure of the regularly employed which will also help to provide an incentive to individuals on emergency jobs to seek regular employment where and when they become available.

In this connection, prime sponsors under CETA might develop useful projects in their areas in concert with community-based organizations which do not require expensive materials and a high proportion of workers with specialized skills.

The issue of converting some portion of our income transfer payments into work-based earnings should benefit not only the long term unemployed in a deep recession such as exists at

present, but would also have social and economic utility in meeting the employment needs of those who cannot find stable employment even in a less depressed economy.

On the basis of its preliminary assessment, the Commission is attracted to the notion that some form of "soft" public works or community development effort may help to meet the job needs of the long term unemployed, particularly in the inner cities and rural areas. Such an effort, coordinated through the CETA system in order to develop linkages with ongoing prime sponsor activities, but predicated on community programming, might involve the repair and rehabilitation of housing and community facilities, the development of recreation areas, and similar types of improvements. In addition to the generation of employment opportunities, such community development efforts should include training efforts to enhance the skills of the persons employed. The emphasis should be on labor-intensive projects that address community needs which otherwise would probably not be undertaken.

The Commission is well aware of many other complexities involved in converting a substantial proportion of the present income transfer funds into some form of work-based earnings. Not the least of the problems involved are the programmatic and administrative questions of timing and phasing. Our intent is not to propose a reduction of income transfer funds, work-for-relief schemes or to institute unjustified work test hurdles, but rather to use more productively transfer payments and idle manpower to meet community needs. Some added costs may be involved, but the productive returns to the worker and the community should be worth the added investment.

Such an effort could contemplate new forms of PSE, including possibly a quasi-public job corporation directed to national, regional and local priority projects, various types of "soft" public works, and the expansion of related skill training activities geared to potential job openings.

At present the Commission is not ready to make definitive recommendations but (2) *the Commission does now recommend that the Department of Labor, in conjunction with other interested Departments, undertake a study of the various types of work-based income programs that might be established for the long term unemployed in lieu of a further extension of UI or forcing those who have exhausted their benefits onto the welfare rolls.*

To be helpful to the Commission, the results of such a study should be available by January 1976. The Commission's staff is ready to assist in designing such a study.

III. CURRENT MANPOWER PROGRAM ASSESSMENT

CETA System

The Commission strongly recommends that Congress should not amend CETA in ways which would weaken the underlying principles of decategorization and decentralization, which have been prime goals in federal manpower legislation since the late 1960s although they became effective only in 1974. The Commission feels that it is essential that prime sponsors be given a reasonable period in which to demonstrate their capacity to plan for and make effective use of federal manpower dollars for groups designated by the Congress as having priority claims for manpower services.

The Commission is cognizant that CETA, which was developed to serve the disadvantaged, was amended through Title VI in December 1974 to provide public service jobs for a much larger group of claimants—the recently unemployed—most of whom had been regularly attached to the labor force. To compound the difficulties, some state and local governments have encountered rising personnel problems as a result of declining revenues which have forced them to lay off long-term civil service employees. There is, then, a three-cornered scramble for scarce dollars and scarce jobs among three claimant groups, each one of which has been designated by the Congress as entitled to assistance. The Commission believes that it is not possible to reach a conclusion about the strengths and weaknesses of CETA at this early date, buffeted as it has been by a vast increase in potential claimants and a much slower rise in available resources to serve them.

Most prime sponsors have been able to assume their responsibilities under the new system. They have been able to keep some balance among the conflicting claimant groups, as evidenced by the fact that the percentage of disadvantaged persons who have been assisted has remained almost constant. The question of the adequacy of the manpower effort for the disadvantaged remains. But the Commission feels that this is not the time for Congress to shake up a system that is not yet firmly in place, since it could not possibly succeed in the face of the current shortfall in resources relative to need.

The Commission's opposition to basic reform of the statute at this time should not be read as opposition to amendments aimed at specific shortcomings, which would include the imposition of a household income ceiling for applicants for a PSE position under Title VI. The Commission views with interest Congressional oversight hearings which would serve as the basis for assessing weaknesses in CETA. (3) *The Commission, therefore, recommends that the present CETA structure be given a fair chance to prove itself before it is subjected to a major overhaul, particularly any restructuring which would retreat from the principles of decategorization and decentralization.*

The Commission notes the heavy emphasis on work experience programs under Title I of CETA. Although use of this program component was to be anticipated during a recessionary period, it is appropriate that occupational skill-training efforts now receive greater emphasis as the economy begins to recover. Indeed the Commission believes that occupational and related skill-training should receive major emphasis even during economic downturns. (4) *The Commission, therefore, recommends that the Department of Labor encourage prime sponsors to increase the proportion of effort given to occupational training and that, in conjunction with the Department of Health, Education, and Welfare, the Department of Labor provide technical assistance and guidance to prime sponsors who are expanding their occupational training capabilities.*

The potential importance of the trade adjustment assistance program which provides for a wide range of manpower services as well as income support for workers adversely affected by foreign trade developments points to the need for an early assessment of the relationship of this new program to CETA and other manpower related activities.

(5) *The Commission recommends that the Department of Labor initiate a study to determine what new and improved linkages can be developed between trade adjustment and manpower systems.*

Unemployment Insurance

The Commission favors as a basis for Congressional action the proposed changes in coverage, benefit levels, and financing contained in HR 8614 without endorsing the bill in its entirety. (6) *The Commission, therefore, recommends that legislation be enacted to improve the coverage, benefit levels, and financing of the Unemployment Insurance system.*

The Commission is aware that there are other bills before the Congress that would go even further in revising the present Unemployment Insurance system, but it has not had the opportunity to fully consider their relative merits. In any case, the Commission is more concerned with Unemployment Insurance from a manpower vantage:

- Unemployment Insurance was initially conceived as an insurance system that would provide minimum income for unemployed persons during relatively short spells of unemployment. The Commission fully supports the basic intent and design of UI as an income support mechanism to tide workers over short spells of unemployment. However, with the extension of coverage to 65 weeks, as a result of the deep and protracted recession, it is well on the way to becoming a separate welfare system. The Commission considers this development dysfunctional, both for UI and welfare systems and, more importantly, for the unemployed worker. The Commission in its June report did recommend that the UI be extended for up to 65 weeks. This recommendation, however, was based largely on the lack of alternative options at that time and the pressing problem of benefit exhaustions.
- The Commission agrees with the intent of recent legislation which provides that, after 39 weeks of UI, individuals in need of training would have to accept it when it is available in order to retain their entitlement to benefits. If the intent is to be fully realized, however, there must be a considerable expansion of training and job opportunities.

(7) *The Commission, therefore, recommends that the proposed Unemployment Insurance Commission, or the U. S. Department of Labor if the Unemployment Insurance Commission is not authorized, undertake a comprehensive study of how UI can be transformed in part into a manpower support program with particular emphasis on expanding training opportunities and relocation assistance.*

The Commission is also concerned about the multiplicity of work tests used in different income support programs. Our preliminary review points to duplication and inefficiency. (8) *Therefore, the Commission recommends that the Department of Labor in cooperation with other concerned Departments, take the initiative to review how the existing work test procedures involved in UI, Food Stamps, and Work Incentive (WIN) programs can be rationalized into a more effective and equitable work test system.*

Coordination of Manpower and Related Programs

Section 504 of CETA directs the Commission to conduct a study of the "utilization and interrelation of programs of manpower training with closely associated programs such as those conducted under the Wagner-Peyser Act." Such a study, including surveys, on-site reviews, and conferences, was launched early in 1975 and a Special Report, *Manpower Program Coordination*, has been prepared and is being separately printed in partial fulfillment of the Commission's responsibilities.

On the basis of the Special Report, a number of detailed recommendations focused on ways of strengthening coordination among manpower programs has been reviewed and endorsed by the Commission. These recommendations are contained in the Appendix, "Summary of Commission Recommendations to Date," page 29.

A few highlights from this considerable effort are included below. It is useful to distinguish among several levels of coordination: the legislative level in the design and enactment of programs; the executive branch level in the development of procedures and other administrative regulations; in planning the use of funds by program managers; and the operational levels where programs serve people.

The Commission concludes on the basis of its study to date that:

- Many of the difficulties in coordinating manpower programs stem from the committee structure through which Congress develops legislation and which is the original source of much duplication and overlapping.
- The aforementioned difficulty is accentuated when related programs fall under the jurisdiction of different departments which have different interests and styles of operation as well as different structures, regulations and procedures.
- Another source of difficulty arises in the field because opportunities for improved coordination are not fully exploited at either the state or local levels. At the state level, governors have broad authority to coordinate manpower programs. They are provided with staff and advisory bodies, the State Manpower Services Councils (SMSCs), to assist them. Local prime sponsors are given similar authority, staff, and advisory assistance. This authority is not being fully exercised. The Commission calls specific attention to the recommendation contained in the Appendix which (9)

recommends that the Secretaries of Labor and Health, Education and Welfare review whether, through technical assistance or other means, their Departments might be able to speed the strengthening of the SMSCs so that they can provide more effective advice and assistance to the governors on coordination issues. (10) *The Commission further recommends that the Departments of Labor and Health, Education and Welfare, through administrative means, seek to assure that the state officials responsible for vocational education and vocational rehabilitation are required to develop plans that are coordinated with those in the manpower arena. If this cannot be accomplished administratively, the Commission recommends that the Congress amend the relevant legislation to accomplish this goal.* Unless such action is taken, it is unlikely that many governors will be able to accelerate the coordination of these programs. The strengthening of coordination mechanisms at the state level should facilitate more cooperative and integrated relationships between the prime sponsors and the state and related activities at the local level.

- One of the principal objectives of CETA was to provide maximum flexibility to prime sponsors in the use of their federal manpower monies. Accordingly, in many communities, prime sponsors are seeking to avoid being unduly dependent on the Employment Service. It will take time for prime sponsors to devise how best to relate to the Employment Service and vice versa. Continued federal review of the role of the Employment Services in the decentralized manpower system is required.

- Similar independence exists on the part of many prime sponsors with respect to vocational education, with the result that in some communities facilities are duplicated and skilled instructors underutilized. If Congress acts upon the recommendation that the state be made the focal point in bringing about improved coordination in the manpower system, the likelihood of increased cooperation at the local level will be enhanced.

- The Commission is convinced that substantial gains can be made from improved coordination of manpower and related programs, but this can be accomplished only if constructive actions are taken at every level – federal, state, and local.

- The Commission's Special Report No. 2, *Manpower Program Coordination*, contains the complete findings and recom-

mendations arising from the Commission's work to date in this area. The Commission will continue its effort with respect to coordination in the months ahead.

The first annual report of the Commission does not contain a blueprint of proposals for the reduction of the wastes attendant upon the large-scale unemployment which characterizes the American economy today and which is diminishing the lives of so many American citizens and depriving our society of valuable output. The Commission has not been able to formulate a comprehensive program within the first year of its studies and deliberations. The knowledge and insights it has acquired from its first-year effort have provided a better understanding of the causes of the malfunctioning of our economy and the directions where constructive solutions are likely to be found.

The Commission has accepted the responsibility to advise the President, the Congress and the public about how new and improved manpower policy and programs can contribute to the fuller development and utilization of the nation's human resources and it affirms its intention to present as rapidly as possible a series of reports containing specific recommendations aimed at strengthening the nation's manpower system.

APPENDIX

SUMMARY OF COMMISSION RECOMMENDATIONS TO DATE

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I. INTRODUCTION

In its first year the Commission has made many recommendations on a broad range of manpower policy and program issues. These recommendations are contained in the First Interim Report to the Congress, *The Challenge of Rising Unemployment*, February 1975; the Second Interim Report to the Congress, *Public Service Employment and Other Responses to Continuing Unemployment*, June 1975; and the First Annual Report to the President and the Congress, *Toward A National Manpower Policy*, October 1975. In addition Commission recommendations on the coordination of manpower programs are contained in Special Report No. 2, *Manpower Program Coordination*, October 1975.

This appendix recapitulates the full range of the Commission's recommendations which are contained in the above cited reports. The recommendations to date are organized under the following broad categories: job creation, income maintenance, manpower program delivery, and energy and its manpower implications.

The appendix does not contain the Commission's findings and observations on many other manpower policy and program issues which will later evolve into formal recommendations of the Commission.

II. JOB CREATION

Public service employment (PSE) and public works are two types of governmental job creation measures which have been given much attention in the current economic downturn. The issue of direct governmental job creation, however, goes beyond counter cyclical concerns and includes such issues as its role as a manpower development tool, its use as a means of dealing with other structural employment problems, and consideration of its potential use in providing job opportunities in the development of a "full employment policy."

A. Public Service Employment

1. OBJECTIVES AND DESIGN

Much of the Commission's deliberations were devoted to consideration of the objectives and design of PSE. Recognition was given to the need to distinguish between the multiple objectives of PSE and the need to restructure PSE into specific program components in order to achieve different objectives.[1]

In June, and again in September, the Commission recommended:

- *That the Department of Labor should explore ways of restructuring PSE to more adequately reflect the following three goals and seek an early opportunity to put forward legislative proposals for a new program structure:*
  - *Provide manpower developmental experiences for the hard-to-employ aimed at facilitating their transition to regular employment;*
  - *Provide employment opportunities for regularly attached members of the work force who lose their jobs during severe economic downturns; and,*
  - *Provide employment opportunities for groups and communities which experience significant loss of employment opportunities due to major structural dislocations.*

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[1] See *Proceedings of a Conference on Public Service Employment*, National Commission for Manpower Policy, Special Report No. 1, May 1975

2. PROGRAM LEVEL

In its February report, the Commission was concerned about the then rapidly rising level of unemployment and it saw the need to appropriate fully the PSE funds authorized by the Emergency Jobs and Unemployment Assistance Act.

- *Therefore, it recommended that the remaining $1.6 billion authorized for PSE Title VI be appropriated.*

The Commission in June and September reviewed the overall program level of PSE.

- *It recommended that a program level for PSE not to exceed 400,000 jobs be provided.*[2]

3. NON-PERSONNEL COSTS

The Commission found that the usefulness of work performed with PSE funds was constrained by the requirement that not less than 90 percent of the funds be expended for wages and fringe benefits. Therefore, in June the Commission recommended:

- *That the allowable ceiling for non-personnel costs be raised from 10 to 15 percent so that adequate work supplies and equipment may be purchased;*
- *That the experience under this new 15 percent ceiling be monitored to determine whether an additional 5 percent increase to 20 percent might result in even higher gains in the amount of socially and economically beneficial work performed under PSE.*

4. INCOME CEILING FOR ELIGIBILITY

The Commission felt it was inequitable to have individuals in families with secondary wage earners competing with unemployed family heads without regard to the total financial needs and resources of their respective families. A household income ceiling for eligibility would be a spur to increasing the proportion of PSE jobs available for disadvantaged persons. Consequently, in June the Commission recommended:

- *That Congress establish a maximum family (or household) income ceiling for persons to become eligible for PSE jobs.*

5. WAGE CEILING

The Commission was aware of pressures from some prime sponsors to increase the $10,000 PSE wage ceiling established by the Comprehensive Employment and Training Act (CETA) legislation. An increase would permit the employment of better qualified supervisors, facilitate the filling of higher level jobs, and make the PSE wage scales more comparable to regular wage scales in some of the larger cities. However, the Commission found that there is a need to maximize the job creation impact of PSE funds and that there is no assurance that increasing the wage ceiling would lead to greater overall productivity. Therefore, in June the Commission recommended:

- *That, because of the relatively high direct costs of a PSE job, the $10,000 wage ceiling now in effect be maintained until it can be demonstrated that*

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[2] At the May meeting, the individual views of the Commission members continued to vary considerably on this issue. Several members, including the Federal representatives, supported maintaining the 1975 level of effort and one member supported a level of up to one million jobs.

raising this ceiling will contribute to increasing the overall productivity of PSE and that it is administratively possible to prevent the average cost from rising above the present $8,000 level.

6. PERFORMANCE DATA

The Commission was concerned about the need for more detailed and timely data on PSE program performance. In June the Commission recommended:

- *That the Department of Labor review the present management information system with an aim toward securing more promptly, at least on a sample basis, data about the characteristics of PSE employees and related information of broad concern to the Congress, the Administration, prime sponsors and the public.*

7. PSE AS A PERMANENT MANPOWER COMPONENT

The country currently operates two principal PSE programs under CETA: Title II seeks to provide manpower development opportunities for the hard-to-employ; and Title VI, containing no transitional provisions, is largely directed at offering temporary jobs to members of the work force who, in the absence of a severe recession, might otherwise be employed in a regular job in the private or public sector. As noted above the Commission is supportive of a PSE component which serves as a manpower development tool for the chronically unemployed. In order to accent its endorsement, in June the Commission recommended:

- *That the Title II approach, with its emphasis on transitional opportunities for the hard-to-employ, continue to be emphasized to the maximum possible extent.*

In September the Commission continued to be concerned about the transitional process whereby persons in PSE move into regular jobs and it recommended:

- *That the Department of Labor review the steps which might be taken to strengthen this important aspect of PSE.*

To further facilitate transition into regular employment, the Commission in September also identified the need to increase the skills of PSE employees. It recommended that:

- *To the extent feasible, PSE jobs should be tied to relevant training programs, including those sponsored by community-based organizations, so that as the economy recovers, these individuals will have the skills with which to compete more effectively in the expanding job market.*

8. ROLE FOR PRIVATE NON-PROFIT AND COMMUNITY-BASED ORGANIZATIONS

Although PSE can play a very useful job creation role in economic downturns, there are limitations to the additional numbers of workers that state and local governments can productively absorb in the short run. Another factor is that local and state governments face difficult problems in adding unemployed persons to their payrolls through PSE while they are simultaneously being forced, because of reduced revenues, to release regular employees.

There appears to be, therefore, a need to expand the involvement of other agencies and organizations as providers of PSE job opportunities. In June the Commission recommended:

- *That the Department of Labor, in redesigning PSE to meet the multiple roles and objectives outlined in (1) above, give serious consideration within the CETA framework to increasing the involvement of private non-profit*

and other community-based organizations in managing and operating PSE programs.

B. Public Works

The Commission has so far undertaken only a preliminary assessment of public works as an employment-creating device and has not yet reached a definitive conclusion. Although the Commission has been cautious about a traditional large scale public works program, it has left as an open issue the potential use of planned public works as an integral part of a counter cyclical policy. Moreover, the Commission acknowledges the advantages of either a large program directed at accomplishing a major goal such as energy conservation or development, or "soft" public works to provide work experience and skill training for inner-city residents who might be employed on projects aimed at reducing neighborhood blight.

A related issue which the Commission has been addressing is the extent to which a proportion of the sizable income maintenance effort, particularly for the long term unemployed, can be transferred into some form of work based earnings.

In this regard, the Commission in September recommended:

- *That the Department of Labor, in conjunction with other interested Departments, undertake a study of the various types of work-based earnings programs that might be established for the long term unemployed in lieu of a further extension of UI or forcing those who have exhausted their benefits onto the welfare rolls.*

III. INCOME MAINTENANCE

The broad spectrum of income support to the unemployed includes unemployment insurance (including extended benefits and special unemployment assistance), welfare, food stamps and other income support measures.

A. Unemployment Insurance (UI)

1. IMPROVING THE UI SYSTEM

The Commission believes that basic changes in the UI system are required and in its February report it noted general agreement with the following objectives:

- *Broadening permanent coverage to include currently excluded state and local employees and farm and household service workers;*
- *Providing incentives and requirements so that improved benefit standards are achieved;*
- *Revamping the extended benefit provisions so that the trigger mechanism now in the law will operate more effectively to provide benefits in times of above-average unemployment; and,*
- *Reassessing the financing of the unemployment insurance system, including the wage base against which the tax is levied.*

Also of concern is the adequacy of reserves in the states' accounts to pay unemployment benefits in times of high unemployment and the relationship of these reserves to the central loan fund. The Commission was informed that many states will be forced to borrow during 1975 because their reserves will have been exhausted.

Although in June the Commission was not in a position to recommend specific proposals for basic improvements in UI, it did recommend:

- *That the Administration develop legislation for strengthening the UI system and that the Congress give such proposals early consideration.*

At its September meeting the Commission further reviewed possible reforms of the UI system including the various legislative proposals which are under consideration. The Commission favors as a basis for Congressional action the proposed changes in coverage, benefit levels, and financing contained in H.R. 8614 without endorsing the bill in its entirety. The Commission is aware that there are other bills before the Congress that would go even further in revising the present UI system, but it has not yet fully considered their relative merits. The Commission recommends:

- *That legislation be enacted to improve the coverage, benefit levels, and financing of the UI system.*

2. EXTENSION OF SPECIAL UNEMPLOYMENT ASSISTANCE (SUA) BENEFIT DURATION

With the passage of the Special Unemployment Assistance Program legislation, certain groups of workers, primarily agricultural, domestic, and local government workers, who had not been covered by UI, were declared eligible for up to 26 weeks of UI benefits.

The Commission believes that the passage of this legislation represented an important forward step in meeting the immediate challenge of rising unemployment. It was concerned, however, in light of the severity of unemployment, that the SUA benefits were only limited to 26 weeks. Therefore, in February the Commission recommended:

- *That the Department of Labor monitor the experiences of persons who receive Special Unemployment Assistance to determine what happens to them after they exhaust these benefits. If early findings suggest that many are forced onto the welfare rolls, the Commission recommends that Congress amend SUA to extend the maximum benefit period for an additional 13 weeks.*

3. EXTENDED BENEFITS

In late 1974, because of the recession, the number of weeks during which an unemployed worker may receive UI compensation was extended from 26 weeks to 52 weeks. In its deliberations the Commission weighed the desirability of aiding many persons through an extension of UI benefits against the potential danger of converting the system to another form of welfare or permanent income maintenance system. In view of the severe unemployment situation and the ready availability of the UI system as a response mechanism, the Commission supported a temporary further extension of benefits. Therefore, in June the Commission recommended:

- *That the duration of benefits for the long term jobless be extended to a maximum of 65 weeks through December 1976; and that aid to persons not previously covered by UI but who currently receive assistance under the Special Unemployment Assistance Program also be extended through December 1976.*

4. SPECIAL UNEMPLOYMENT INSURANCE COMMISSION

The Commission believes that there are many basic issues in the Unemployment Insurance system that need to be addressed. These include the system's

viability in protracted recessions and its relationships with other income support systems such as welfare and with manpower training and related activities. Therefore, in June the Commission recommended:

- *That a special Commission be established to thoroughly reexamine the UI system with a view to strengthening its role in providing income protection for unemployed workers.*

5. EXPANDING THE MANPOWER ROLE OF THE UI SYSTEM

The Commission agrees with the intent of recent legislation which provides that, after 39 weeks of UI, individuals in need of training would have to accept it, when it is available, in order to retain their entitlement to benefits. If the intent is to be fully realized, however, there must be a considerable expansion of training and job opportunities. The Commission, therefore, recommends:

- *That the UI Commission, or the U. S. Department of Labor if the UI Commission is not authorized, undertake a comprehensive study of how UI can be transformed in part into a manpower support program with particular emphasis on expanding training opportunities and mobility assistance.*

B. Adjustments in the Welfare System

1. AID TO FAMILIES WITH DEPENDENT CHILDREN: UNEMPLOYED FATHERS

In 1961, Congress amended the AFDC program to permit states to put onto the welfare rolls needy families with dependent children when an unemployed father lived at home. Since that time 25 states and jurisdictions have taken advantage of this provision. Noting that both the Congress and the Administration are engaged in a reappraisal of welfare and welfare-related legislation, the Commission recommended in February:

- *That Congress require the states to accept on AFDC families who are in need due to the unemployment of the father.*

2. WORK TESTS

The Commission is also concerned about the multiplicity of work tests used in different income support programs. Its preliminary review points to duplication and inefficiency. Therefore, the Commission recommends:

- *That the Department of Labor, in cooperation with other concerned Departments, take the initiative to review how the existing work test procedures involved in UI, Food Stamps, and Work Incentive (WIN) programs can be rationalized into a more effective and equitable work test system.*

C. Special Assistance to the Unemployed

1. MORTGAGE PAYMENTS ASSISTANCE

The Commission was concerned that many unemployed persons and their dependents face special hardships in meeting their mortgage payments. More needs to be known, however, about the extent and nature of this problem and the possible legislative and other remedies that may be appropriate. Therefore, in June the Commission recommended:

- *That the Secretary of Housing and Urban Development keep foreclosures under close surveillance; that a sample be taken of communities with high and sustained unemployment to assess the extent and nature of the problem; and, that the Department provide the Commission by September 1, 1975 a report assessing the magnitude and nature of the problem with recommendations as appropriate.*

Subsequent to the Commission's recommendation, the Congress passed legislation to assist unemployed homeowners who are experiencing difficulties in meeting their mortgage payments. The Commission then requested that the Secretary of Housing and Urban Development monitor the implementation of the new legislation and report to the Commission on its adequacy by December 15, 1975.

2. HEALTH INSURANCE ASSISTANCE

The employment downturn has left many workers who had employment-related health insurance without adequate health care cost protection. In June the Commission recommended:

- *That the Secretary of Health, Education, and Welfare undertake an analysis of the proportion of unemployed persons who lose their health and/or hospital insurance and of alternatives available to these unemployed and their dependents for securing essential health care; and, that HEW prepare a report by September 1, 1975, outlining its findings and recommendations. Additionally, the report should include any evidence that can be retrieved from existing HEW statistical sources regarding the impact of insurance cancellations on declines in hospital utilization, shifts in types of facilities used, or increases in hospital accounts receivable and in bad debts.*

The HEW report noted that 70 to 75 percent of those who became unemployed lost their group health insurance coverage within 30 days after their employment was terminated. Other requests for data could not be supplied. Consequently, at its September meeting, the Commission concluded that it still had insufficient basis to take a position on the issue and must await firmer evidence on the extent and nature of the problem before making judgments in this area.

IV. MANPOWER PROGRAM DELIVERY

The Commission has undertaken a major study of the utilization and interrelation of manpower training with closely associated programs such as those conducted under the Wagner-Peyser Act, the Work Incentive Program (WIN) under the Social Security Act, and others of a similar nature with an aim of determining how they could be better coordinated. The Commission has begun a preliminary analysis of program performance under CETA and has noted some programmatic problems.

A. Program Coordination

1. OVERALL COORDINATION

The Commission's study on program coordination found that many of the CETA prime sponsors and governors' manpower staffs who have tried to perform the coordination functions assigned to them by CETA have been frustrated by the reluctance of non-CETA program managers to cooperate in sharing plans and information. Many aspects of existing rules, regulations and internal procedures were cited as impediments to coordination. Overall, manpower coordination is further hindered by significant differences in program planning cycles, terminology and reports. These problems jeopardize effective program planning, administration and evaluation. Additionally, manpower planners need a solid, comprehensive base of labor market information (LMI). This base must be timely and accurate and meet the special information needs of sponsors.

In February the following position was taken by the Commission:

The Commission believes that a greatly expanded analytical and technical effort, supported by additional financial resources, is required if the Nation is to

understand and improve the operation of its local markets. This is especially important if local communities are to effectively perform as managers of manpower programs.

As a means of improving overall manpower program coordination, the Commission in September recommended that:

- *The Departments of Labor and Health, Education and Welfare through amendment of their respective regulations require that the annual plans for the Employment Service, the WIN program, Vocational Education,*[3] *Vocational Rehabilitation, and Social Services provided under Title XX of the Social Security Act be coordinated through the CETA system and that state access to the local portions of such plans be provided to the CETA sponsors. Further it is recommended that the governors and prime sponsors' comments on non-CETA programs be considered by the appropriate funding agency prior to grant awards;*
- *Congress in its consideration of the renewal of the CETA authorization develop amendments to CETA and the enabling legislation for the other enumerated programs, to make clear its intent that the mandate for coordination applies to those programs as well as to CETA;*
- *The federal agencies that fund manpower and related human resources programs jointly seek, on an administrative basis, to standardize the planning cycles of the several major manpower and human resources programs to facilitate coordination in planning at state and local levels. If they should be unable to achieve such standardization on an administrative basis, they should make a recommendation for appropriate legislation to the Congress;*
- *The Department of Labor fund the state employment service agencies at a level sufficient to allow them to meet federal information requirements and to provide adequate labor market information for the purposes of CETA agencies;*
- *The Departments of Labor and Health, Education and Welfare, with the cooperation of other federal agencies involved in manpower, develop and issue guidance for a standard manpower terminology and require its use in their respective planning and information systems; and,*
- *The Departments of Labor and Health, Education and Welfare, with the assistance of the Office of Management and Budget, review the present reporting requirements of the principal manpower and related human resources programs with the objective of developing standard formats for programmatic and fiscal reporting. Further it is recommended that governors be encouraged to develop related standardized reporting systems within their states.*

2. LOCAL LEVEL COORDINATION

The Commission study found that the local prime sponsor-planning councils, which have broad advisory reponsibilities on program goals and operations, as well as for performing monitoring and evaluation, are not yet well developed. It was also found that few close ties between prime sponsors and the private sector have been established. The sponsors that have developed good ties, however, have shown beneficial results in terms of both coordination and job placements.

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[3] The Department of Health, Education and Welfare has proposed regulation revisions which provide for State Manpower Services Council reviews of vocational education plans.

As a result of these findings, the Commission at its September meeting recommended that:

- *The Department of Labor instruct the prime sponsors to review their use of the planning councils in light of the provisions of section 101 CETA, and to provide professional and clerical staff to support such councils;*
- *The Department of Labor issue appropriate guidance to prime sponsors emphasizing the planning councils' responsibilities under CETA with special reference to monitoring and evaluation responsibilities;*
- *The Department of Labor take appropriate steps to develop and improve the planning councils' ability to monitor and evaluate all manpower programs in their areas. Such steps should include the provision of technical assistance to prime sponsors;*
- *Prime sponsors be encouraged to develop closer ties to the private sector as a means of improving coordination and program delivery and that the Department of Labor develop and publish a technical assistance guide to help prime sponsors in this effort;*
- *Prime sponsors be urged to develop closer ties to community based organizations with manpower concerns including those that are indigenous to the local area as well as those affiliated with nationally recognized groups;* and,
- *The Department of Labor establish a system of information exchange of program models that appear to be particularly effective in meeting the goal of improving coordination and program service delivery. Such a system should present the information in greater depth than is presently provided in Interchange and the Manpower Digest. It could include a series of regional and national conference seminars.*

5. STATE LEVEL COORDINATION

The State Manpower Services Council (SMSC) is a principal coordination mechanism created by CETA. The SMSCs offer an opportunity for state agencies, many of which provide services to a common pool of clients (the disadvantaged), to share problems and experiences and to plan jointly for the use of resources. The Commission found that the states generally do not appear to be taking full advantage of the coordination opportunities afforded by the SMSC mechanism.

A second problem on the state level has emerged over the role and place of vocational education. To date concern over establishing an appropriate relationship between CETA and vocational education in a coordinated and comprehensive manpower system has been overshadowed by the more immediate problems associated with administration of the 5% grant to the governors for vocational education under CETA section 112. HEW has proposed new regulations that would provide for cooperative arrangements between vocational education boards and SMSCs and that would help to resolve difficulties with allowance payments and other operational problems.

Finally, problems of coordinating Title III programs for Indians, migrants, and seasonal farmworkers with Title I programs have occurred. There is little provision for the formal exchange of plans or review of activities between Title I and III sponsors. Problems with providing adequate technical assistance to Title III sponsors from the national DOL office have also occurred. The Commission therefore recommended in June:

- *That the Department of Labor in coordination with the Department of Health, Education and Welfare encourage the governors to increase the effectiveness of their State Manpower Service Councils (SMSCs) for both overall planning and coordination by:*
  - *Providing personal leadership in the work of these SMSCs;*
  - *Insuring that they are adequately positioned in the state governmental structure and have sufficient professional staff;*
  - *Relieving them of operating responsibilities for CETA balance-of-state activities; and*
- *That the Department of Labor in coordination with the Department of Health, Education, and Welfare facilitate the strengthening of SMSCs by undertaking a special review of the SMSCs' coordination activities and of their impact upon the coordinated delivery of manpower and related services; and subsequently publish a technical assistance manual to provide detailed guidance on the more important structural and operational characteristics of successful SMSCs and make available other forms of more direct technical assistance.*

In September the Commission reiterated its earlier findings and further recommended:

- *That the Secretaries of Labor and Health, Education and Welfare review whether, through technical assistance or other means, their Departments might be able to speed the strengthening of the SMSCs so that they can provide more effective advice and assistance to the governor on coordination issues;*
- *That the Departments of Labor and Health, Education and Welfare, through administrative means, seek to assure that the state officials responsible for vocational education and vocational rehabilitation are required to develop plans that are coordinated with those in the manpower arena. If this cannot be accomplished administratively, the Commission recommends that the Congress amend the relevant legislation to accomplish this goal.*

In September the Commission also added the following recommendations to improve the effectiveness of the 4% discretionary grant to the governors under CETA section 106:

- *That the Department of Labor in conjunction with the Department of Health, Education and Welfare undertake a special review of the activities funded by the 4% discretionary grants to the governors; and subsequently issue a technical assistance guide containing information on procedures for:*
  - *Conducting an analysis of the needs which can be met through 4% funds;*
  - *Developing requests for proposals (RFP) or other techniques of proposal solicitation;*
  - *Monitoring and evaluation 4% projects as well as reporting to DOL on 4% activities;*
  - *Utilizing 4% funds to promote coordination among state agencies and prime sponsors;*
- *That the Department of Labor, in coordination with the Department of Health, Education and Welfare, advise the governors of the potential of the*

4% grant when used as a coordinating tool and encourage their giving priority to projects which:

- *Promote coordination among state agencies and prime sponsors;*
- *Lead to the development of labor market information which can be used by prime sponsors and state agencies for planning purposes;*
- *Encourage program evaluation, research and development;*
- *Provide technical assistance to state agencies and prime sponsors with regard to how to coordinate their respective activities.*

Other recommendations adopted by the Commission at its September meeting to improve coordination at the state level included the following:

- *That the Departments of Labor and Health, Education and Welfare advise the states as to the value of a regular exchange of information within the manpower community of the states and encourage those states that have not done so to establish active information exchange programs, including prime sponsor meetings and newsletters;*
- *That the Departments of Labor and Health, Education and Welfare undertake a joint review of vocational education-CETA coordination issues and develop a special technical assistance publication for the use of state and local officials in implementing the new regulations, if adopted;*
- *That the Department of Labor establish procedures providing for SMSCs and prime sponsor planning councils' review and comment on all Title III programs proposed for their respective areas prior to the funding of such programs;* and,
- *That the Departments of Labor and Health, Education and Welfare provide guidance, and technical assistance to state manpower agencies and prime sponsors regarding the latter's assistance to Title III grantees in the areas of grant application, reporting, and grant management.*

4. FEDERAL LEVEL COORDINATION

Many coordination issues exist at the federal level which affect not only intra-federal relationships, but the activities of the states and prime sponsors as well.

At the September meeting the Commission adopted the following recommendations to improve coordination at the federal level:

- *That the Department of Labor and the Department of Health, Education and Welfare review their plans, programs and capability to provide technical assistance and training in light of the current needs of state and local manpower staff for prime sponsors and state manpower staffs and develop new programs designed to be responsive to state and local needs;*
- *That Department of Labor regional office staffs have training that familiarizes them with the processes and the problems of state and local governments;*
- *That greater use be made of the personnel exchange provisions of the Intergovernmental Personnel Act and that regional office personnel be assigned in greater numbers to state SMSC staffs and to local prime sponsors and that state and local personnel be assigned to regional office staffs.*
- *That the Department of Labor, in light of the past year's experience, review its guidance to prime sponsors and to the ES regarding the services to CETA clients that can be provided free under the Wagner-Peyser Act and*

those which are added cost items and issue new guidance based on that review;

- *That the Department of Labor, through the United States Employment Service, increase the flexibility of State Employment Service administrative structures by ensuring that local ES officials are authorized to enter into working agreements with prime sponsors which reflect adaptability to local planning and delivery of services. Such working arrangements would range from information exchange in the planning process to provision of labor market information to the development of contractual relationships;*
- *That the Departments of Labor and Health, Education and Welfare jointly develop plans for the coordination of manpower and Title XX programs of the Social Security Act prior to the next planning cycle and that such plans be reflected in revised regulations;*
- *That the governors, through their SMSCs, in the exercise of their responsibilities under both CETA and Title XX of the Social Security Act, begin the actions necessary to encourage coordination in delivery of manpower and social services under their current plans and to prepare for coordinated planning during the next planning cycles.*

B. Program Performance

1. CETA AS A NEW MANPOWER SYSTEM

The Commission in its initial activities has made some judgments in several manpower program areas. Some problems have emerged in the implementation of CETA and, as with any new program, legislative and administrative improvements can be made. Overall, the Commission found the basic CETA approach to be appropriate.

Therefore in September, *the Commission recommended that the present CETA structure be given a fair chance to prove itself before it is subjected to a major overhaul, particularly any restructuring which would retreat from the principles of decategorization and decentralization.*

2. INCREASING THE SKILL TRAINING EFFORT

The Commission notes the heavy emphasis given to work experience programs under Title I of CETA. Although use of this program component was to be anticipated during a recessionary period, it is appropriate that occupational skill training efforts now receive greater emphasis as the economy begins to recover. Indeed the Commission believes that occupational and related skill training should receive major emphasis even during economic downturns. The Commission recommends:

- *That the Department of Labor encourage prime sponsors to increase the proportion of effort given to occupational training and that, in conjunction with the Department of Health, Education and Welfare, the Department of Labor provide technical assistance and guidance to prime sponsors who are expanding their occupational training capabilities.*

3. LINKAGES WITH TRADE ADJUSTMENT ASSISTANCE

In assessing the performance of CETA, attention has to be given to the other manpower systems which interact with the CETA system. The potential growth and importance of the Trade Adjustment Assistance program which provides for a wide range of manpower services as well as income support for workers adversely affected by foreign trade developments, points to the need for an

early assessment of the relationship of this new program to CETA and other manpower related activities. The Commission recommends:

- *That the Department of Labor initiate such a study to determine what new and improved linkages can be developed between these two manpower systems.*

4. SUMMER YOUTH PROGRAMS

The Commission has expressed its discontent with the traditional last minute funding actions taken by Congress and the Administration with regard to the summer youth programs. These actions have precluded effective planning by prime sponsors and have diminished the effectiveness with which the federal dollars are used to assist young people to improve their prospects for productive employment. In June, the Commission made the following recommendations to address problems related to summer youth programs:

- *That the Congress and the Administration take the necessary budgetary measures to avoid in subsequent summers the last minute funding actions which preclude effective planning by prime sponsors and diminish the effectiveness with which the federal dollars can be used to assist young people in improving their prospects for productive employment;* and,
- *That the Department of Labor, in concert with other involved agencies, undertake a review of the summer youth program to determine how the program might be redesigned, possibly on a year-around basis [in conjunction with youth-in-school and out-of-school work experience programs and other related efforts including those operated by community based organizations] to improve the skills and employability of young people who face a difficult transition into the world of work.*

In September the Commission noted that funds for this year's summer program were not made available until June 16. The quick approval of projects was only possible due to prior publication of regulations and allocation process. The effect of this late start-up and the potential underutilization of funds will not be known until late fall. As a result of these events, the Commission reaffirmed its earlier recommendations regarding summer youth programs.

V. ENERGY AND ITS MANPOWER IMPLICATIONS

The Commission believes that a number of actions, if speedily acted upon, will enable the federal government to be in a better position to assess the manpower and employment implications of formulating and carrying out a national energy policy. The Commission has alerted both the Congress and the President to the fact that too little experience has been accumulated to undertake the desired quality of manpower impact studies of the impact of energy development and conservation or other areas of national policy. This has been a deficiency in national economic, manpower and social policy formulation and a drawback that should be corrected. It is the Commission's belief that undertaking efforts along the lines suggested below will lead toward the institutionalization of a permanent capacity within the federal government to undertake ongoing studies of the manpower implications of the energy situation.

In June the Commission adopted the following recommendations with regard to energy and its manpower implications:

- *That the President and Secretary Morton, Chairman of the Energy Resources Council, invite the Secretary of Labor to become a member of the Council so that the manpower and employment implications of energy policies can be infused early in the planning and decision making process;*

- *That the Chairman of the Energy Resources Council establish a Manpower and Employment Subcommittee which will be charged with coordinating an assessment of the employment and manpower effects related to energy and developing a priority work program with a schedule for accomplishing specific assessment objectives;*
- *That the Manpower and Employment Subcommittee should, among its many areas of concern, give early consideration to the following issues:*
  - *Estimating the aggregate effect of new energy developments and policies on employment and future manpower needs and identifying related potential labor supply and demand imbalances nationally and in local labor markets;*
  - *Estimating the indirect employment effects of energy developments and policies, including the impact of higher fuel prices on small businesses and on workers who have no transportation alternative to use of privately-owned vehicles;*
  - *Determining how the changing manpower and employment consequences of developments in energy policies and programs can be effectively monitored so that remedial governmental actions can be taken by manpower agencies and how findings of government impact studies can be disseminated to such groups as guidance counselors, vocational and technical schools, employers and trade unions, and community based organizations that may need to adjust their programs to reflect changed energy developments;* and,
- *That the Director of the Office of Management and Budget support requests from the Department of Labor and other federal agencies to establish a permanent capacity to undertake on an ongoing basis manpower impact studies, without which the Federal government will be poorly positioned to assess the potential consequences of large scale changes in governmental policies, programs and decisions on manpower and employment.*

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